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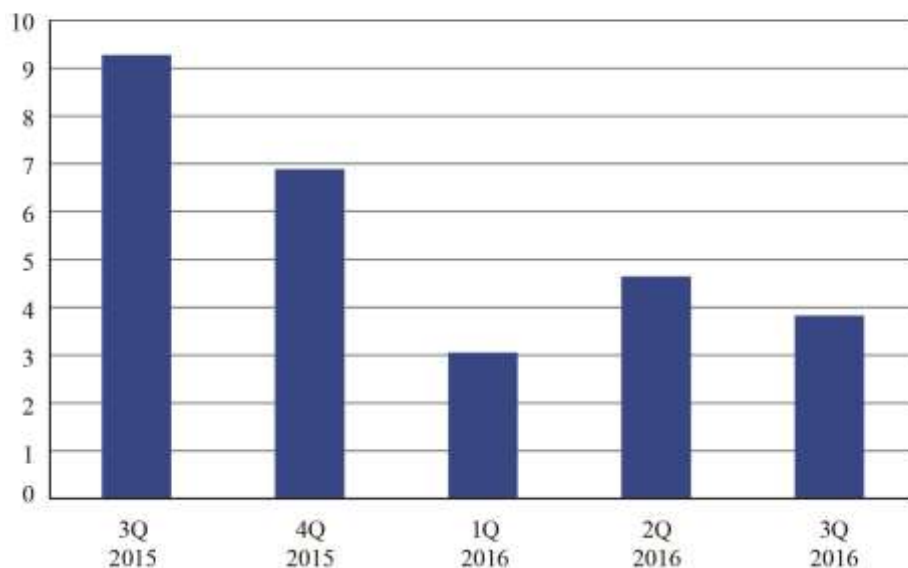
## BTS Data

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### 3rd Quarter 2016 Airline Financial Data

U.S. scheduled passenger airlines reported an after-tax net profit of \$3.8 billion in the third quarter of 2016, down from \$4.6 billion in the second quarter of 2016 and down from \$9.3 billion in the third quarter of 2015, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported today (Table 1).

Figure 1. Systemwide U.S. Scheduled Service Passenger Airlines Quarterly Net Income (billions of dollars)



The 25 U.S. scheduled service passenger airlines reported an after-tax net profit as a group for the 14th consecutive quarter.

In addition to the after-tax net profit of \$3.8 billion based on [net income](#) reports, the scheduled service passenger airlines reported a \$7.2 billion pre-tax operating profit in the third quarter of 2016, down from \$7.9 billion in the second quarter of 2016 and down from \$8.8 billion in the third quarter of 2015. The airlines reported a pre-tax operating profit - as a group - for the 22nd consecutive quarter (Tables 1, 4).

Net profit or loss and operating profit or loss are two different measures of airline financial performance. Net profit or loss includes non-operating income and expenses, nonrecurring items or income taxes. Operating profit or loss is calculated from operating revenues and expenses before taxes and other nonrecurring items.

Total [operating revenue](#) for all U.S. passenger airlines in the July-September third-quarter of 2016 was \$44.4 billion. Airlines collected \$33.3 billion from fares, 75.1 percent of total third-quarter operating revenue (Table 4).

Total operating expenses for all passenger airlines in the third-quarter of 2016 were \$37.2 billion, of which fuel costs accounted for \$6.1 billion, or 16.4 percent, and labor costs accounted for \$12.7 billion, or 34.3 percent (Table 4).

In the third quarter, passenger airlines collected a total of \$1.1 billion in [baggage fees](#), 2.5 percent of total operating revenue, and \$731 million from [reservation change fees](#), 1.7 percent of total operating revenue. Fees are included for calculations of net income, operating revenue and operating profit or loss (Table 4).

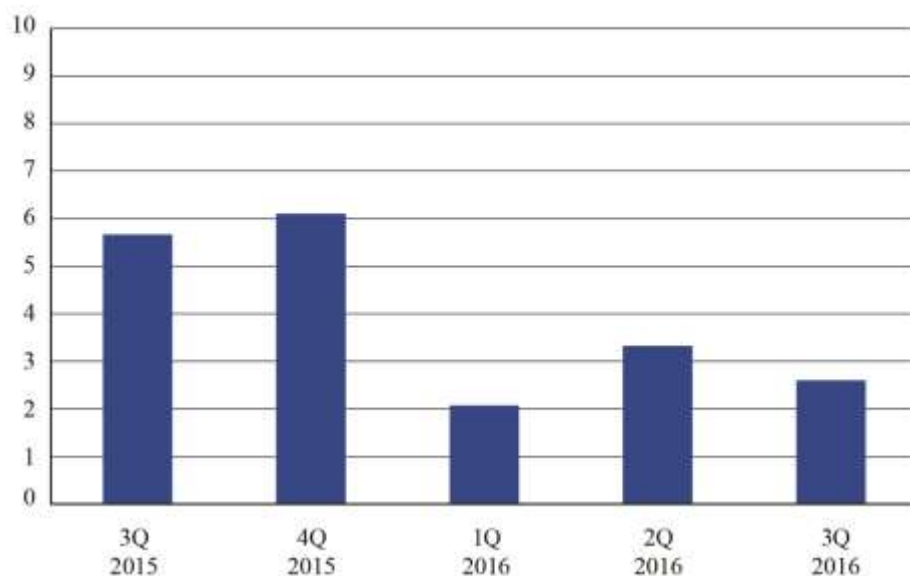
Baggage fees and reservation change fees are the only ancillary fees paid by passengers that are reported to BTS as separate items. Other fees, such as revenue from seating assignments and on-board sales of food, beverages, pillows, blankets, and entertainment are combined in different categories and cannot be identified separately.

See [airline financial data press releases](#) and the [airline financial databases](#) for historic data.

## Domestic

From domestic operations, U.S. scheduled passenger airlines reported an after-tax net profit of \$2.6 billion in the third quarter of 2016, down from \$3.3 billion in the second quarter of 2016 and down from \$5.7 billion in the third quarter of 2015 (Table 2).

Figure 2. Domestic U.S. Scheduled Service Passenger Airlines Quarterly Net Income (billions of dollars)



The 25 U.S. scheduled service passenger airlines reported an after-tax net profit from domestic operations as a group for the 14th consecutive quarter.

In addition to the after-tax net profit of \$2.6 billion based on [net income](#) reports, the scheduled service passenger airlines reported a \$5.4 billion pre-tax operating profit from domestic operations in the third quarter of 2016, down from \$6.1 billion in the second quarter of 2016 and down from \$6.2 billion in the third quarter of 2015. The airlines reported a pre-tax operating profit from domestic operations - as a group - for the 22nd consecutive quarter (Table 2).

Total [operating revenue](#) from domestic operations for all U.S. passenger airlines in the July-September third-quarter of 2016 was \$32.9 billion. Airlines collected \$23.6 billion from fares, 71.7 percent of total third-quarter operating revenue (Tables 2, 5).

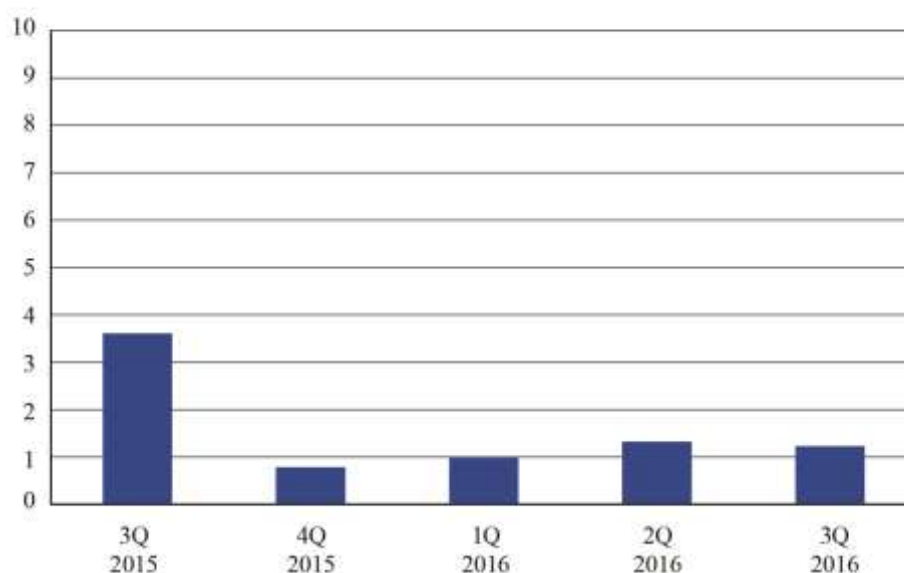
Total operating expenses from domestic operations for all passenger airlines in the third-quarter of 2016 were \$27.5 billion, of which fuel costs accounted for \$4.1 billion, or 14.8 percent, and labor costs accounted for \$9.2 billion, or 33.4 percent (Tables 2, 5).

In the third quarter, passenger airlines collected from domestic operations a total of \$868 million in [baggage fees](#), 2.6 percent of total operating revenue, and \$468 million from [reservation change fees](#), 1.4 percent of total operating revenue (Tables 2, 5).

## International

From international operations, U.S. scheduled passenger airlines reported an after-tax net profit of \$1.2 billion in the third quarter of 2016, down from \$1.3 billion in the second quarter of 2016 and down from \$3.6 billion in the third quarter of 2015 (Table 3).

Figure 3. International U.S. Scheduled Service Passenger Airlines Quarterly Net Income (billions of dollars)



The 17 U.S. scheduled service passenger airlines that operate internationally reported an after-tax net profit from international operations as a group for the seventh consecutive quarter.

In addition to the after-tax net profit of \$1.2 billion based on [net income](#) reports, the scheduled service passenger airlines reported a \$1.8 billion pre-tax operating profit from international operations in the third quarter of 2016, unchanged from \$1.8 billion in the second quarter of 2016 and down from \$2.6 billion in the second quarter of 2015. The airlines reported a pre-tax operating profit from international operations - as a group - for the 18th consecutive quarter (Table 3).

Total [operating revenue](#) from international operations for all U.S. passenger airlines in the July-September third-quarter of 2016 was \$11.5 billion. Airlines collected \$9.7 billion from fares, 84.8 percent of total third-quarter operating revenue (Tables 3, 6).

Total operating expenses from international operations for all passenger airlines in the third-quarter of 2016 were \$9.7 billion, of which fuel costs accounted for \$2.0 billion, or 20.9 percent, and labor costs accounted for \$3.6 billion, or 37.0 percent (Tables 3, 6).

In the third quarter, passenger airlines collected from international operations a total of \$233 million in [baggage fees](#), 2.0 percent of total operating revenue, and \$263 million from [reservation change fees](#), 2.3 percent of total operating revenue (Tables 3, 6).

### **Margins for All Scheduled Passenger Airlines**

All U.S. scheduled passenger airlines reported a combined net income margin of 8.6 percent in the third quarter of 2016, down from a net margin of 20.5 percent in the third quarter of 2015. Net margin is the net income or loss as a percentage of operating revenue. These airlines reported an operating profit margin of 16.3 percent in the third quarter of 2016, down from 19.5 percent in the third quarter of 2015. Operating margin is the operating profit or loss as a percentage of operating revenue (Table 4).

### **Reporting notes**

Additional airline financial data can be found on the BTS website, including industry statistics for other individual low-cost and regional airlines. See tables for [operating profit/loss](#), [operating revenue](#) and [fuel cost and consumption](#). See the BTS [financial databases](#) for more detailed data.

By regulation, for the quarter ending Aug. 31, airlines that operate at least one aircraft that has more than 60 seats or the capacity to carry a payload of passengers, cargo and fuel weighing more than 18,000 pounds must report financial data to BTS by Nov. 10. The airline filings are subject to a process of quality assurance and data validations before release to the public.

Revised carrier data and late data filings will be made available monthly on [TranStats](#) on the Monday following the second Tuesday of the month. All data are subject to revision. BTS will release annual and fourth-quarter data on May 1.

**Table 1. Quarterly U.S. Scheduled Service Passenger Airlines Financial Reports**

Reports from 25 airlines in 3Q 2016

(millions of dollars)

	3Q	4Q	1Q	2Q	3Q	Dollar
	2015	2015	2016	2016	2016	Change
						3Q2015-
						3Q2016
<b>Net Income</b>	9,276	6,891	3,056	4,649	3,825	-5,451
<b>Operating Profit/Loss</b>	8,829	5,887	5,605	7,873	7,248	-1,581
<b>Operating Revenue*</b>	45,201	40,525	39,151	43,505	44,406	-796
<b>Fares</b>	34,086	30,168	29,008	32,462	33,325	-761
<b>Baggage Fees</b>	1,019	958	983	1,073	1,101	82
<b>Reservation Change Fees</b>	755	715	749	755	731	-24
<b>Operating Expenses</b>	36,372	34,638	33,547	35,632	37,158	786
<b>Fuel</b>	7,071	5,819	4,860	5,566	6,096	-975
<b>Labor</b>	11,867	11,555	11,798	12,213	12,748	881

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

\* Passenger airline operating revenue includes two other categories. 1) Transport-related is revenue from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc). 2) Miscellaneous operating revenue includes pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees. See the [P1.2 database](#).

**Table 2. Domestic Quarterly U.S. Scheduled Service Passenger Airlines Financial Reports**  
Reports from 25 airlines in 3Q 2016  
(millions of dollars)

	3Q	4Q	1Q	2Q	3Q	Dollar Change 3Q2015- 3Q2016
Domestic Operations	2015	2015	2016	2016	2016	
<b>Net Income</b>	5,667	6,107	2,072	3,328	2,599	-3,069
<b>Operating Profit/Loss</b>	6,230	4,622	4,292	6,105	5,442	-788
<b>Operating Revenue*</b>	32,136	30,024	28,727	32,463	32,935	799
<b>Fares</b>	23,722	22,356	21,359	23,650	23,598	-124
<b>Baggage Fees</b>	793	744	773	848	868	74
<b>Reservation Change Fees</b>	474	462	481	483	468	-6
<b>Operating Expenses</b>	25,906	25,402	24,434	26,358	27,493	1,587
<b>Fuel</b>	4,578	3,913	3,323	3,762	4,080	-498
<b>Labor</b>	8,454	8,493	8,530	8,767	9,172	718

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

\* Passenger airline operating revenue includes two other categories. 1) Transport-related is revenue from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc). 2) Miscellaneous operating revenue includes pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees. See the [P1.2 database](#).

**Table 3. International Quarterly U.S. Scheduled Service Passenger Airlines Financial Reports**  
Reports from 17 airlines in 3Q 2016  
(millions of dollars)

	3Q	4Q	1Q	2Q	3Q	Dollar Change 3Q2015- 3Q2016
International Operations	2015	2015	2016	2016	2016	
<b>Net Income</b>	3,608	784	985	1,321	1,226	-2,382
<b>Operating Profit/Loss</b>	2,599	1,265	1,312	1,768	1,806	-793
<b>Operating Revenue*</b>	13,065	10,501	10,425	11,042	11,470	-1,595
<b>Fares</b>	10,364	7,813	7,650	8,812	9,727	-637
<b>Baggage Fees</b>	226	214	210	225	233	8
<b>Reservation Change Fees</b>	282	253	268	273	263	-18
<b>Operating Expenses</b>	10,466	9,236	9,112	9,274	9,665	-802
<b>Fuel</b>	2,493	1,907	1,537	1,804	2,016	-478
<b>Labor</b>	3,414	3,062	3,268	3,446	3,576	162

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

\* Passenger airline operating revenue includes two other categories. 1) Transport-related is revenue from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc). 2) Miscellaneous operating revenue includes pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees. See the [P1.2 database](#).

**Table 4. Quarterly U.S. Scheduled Passenger Airlines Revenue, Expenses and Profits**  
Reports from 25 airlines in 3Q 2016  
(millions of dollars)

	3Q 2015	3Q 2016	Change	2015-2016 % Change	% of 3Q 2016 Revenue or Expense Total
<b>Operating Revenue</b>					
Passenger Fares (scheduled/charter)	34,085.9	33,325.2	-760.7	-2.23	75.05
Cargo	707.9	664.1	-43.8	-6.19	1.50
Baggage	1,019.0	1,100.8	81.8	8.03	2.48
Reservation Changes	755.0	730.8	-24.2	-3.21	1.65
Transport-Related*	7,170.1	7,248.1	78.0	1.09	16.32
Other**	1,462.7	1,336.5	-126.2	-8.63	3.01
<b>Total Operating Revenue</b>	<b>45,200.6</b>	<b>44,405.5</b>	<b>-795.1</b>	<b>-1.76</b>	<b>100.00</b>
<b>Operating Expense</b>					
Fuel	7,071.0	6,096.1	-974.9	-13.79	16.41
Labor	11,867.3	12,748.0	880.7	7.42	34.31
Rentals	2,167.1	2,227.5	60.4	2.79	5.99
Depreciation & Amortization	1,900.3	2,116.6	216.3	11.38	5.70
Landing Fees	757.0	778.6	21.6	2.85	2.10
Maintenance Materials	635.5	608.0	-27.5	-4.33	1.64
Transport-Related*	4,606.4	4,614.7	8.3	0.18	12.42
Other***	7,367.4	7,968.0	600.6	8.15	21.44
<b>Total Operating Expense</b>	<b>36,372.0</b>	<b>37,157.5</b>	<b>785.5</b>	<b>2.16</b>	<b>100.00</b>
<b>Profits or Losses</b>					
<b>Operating Profit</b>	<b>8,828.6</b>	<b>7,248.0</b>	<b>-1,580.6</b>	<b>-17.90</b>	<b>N/A</b>
<b>Operating Margin**** (%)</b>	<b>19.5</b>	<b>16.3</b>	<b>-3.2</b>	<b>N/A</b>	<b>N/A</b>
Nonoperating Income/(Expense)#	-1,171.0	-1,074.3	96.7	-8.26	N/A
<b>Pre-Tax Income</b>	<b>7,657.6</b>	<b>6,173.7</b>	<b>-1,483.9</b>	<b>-19.38</b>	<b>N/A</b>
Income Tax Benefit/(Expense)	1,618.0	-2,349.1	-3,967.1	-245.19	N/A
Other Income/(Expense)	0.0	0.0	0.0	0.0	N/A
<b>Net Income</b>	<b>9,275.5</b>	<b>3,824.6</b>	<b>-5,450.9</b>	<b>-58.77</b>	<b>N/A</b>
<b>Net Margin## (%)</b>	<b>20.5</b>	<b>8.6</b>	<b>-11.9</b>	<b>N/A</b>	<b>N/A</b>

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

\* Transport-Related is revenue/expenses from services which grow from and are incidental to the air transportation services performed by the carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues and expenses from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc).

\*\* Other revenue includes miscellaneous operating revenue (including pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees), and public service revenues subsidy.

\*\*\* Other expense includes purchase of materials such as passenger food and other materials; and of services such as advertising, communication, insurance, outside flight equipment maintenance, traffic commissions and other services.

\*\*\*\* Operating margin is the operating profit or loss as a percentage of operating revenue

# Nonoperating Income and Expense includes interest on long-term debt and capital leases, other interest expense, foreign exchange gains and losses, capital gains and losses and other income and expenses.

## Net margin is the net income or loss as a percentage of operating revenue.

**Table 5. Domestic Quarterly U.S. Scheduled Passenger Airlines Revenue, Expenses and Profits**

Reports from 25 airlines in 3Q 2016  
(millions of dollars)

	3Q 2015	3Q 2016	Change	2015-2016 % Change	% of 3Q 2016 Revenue or Expense Total
<b>Operating Revenue</b>					
Passenger Fares (scheduled/charter)	23,721.9	23,597.8	-124.1	-0.52	71.65
Cargo	253.5	235.0	-18.5	-7.30	0.71
Baggage	793.3	867.6	74.3	9.37	2.63
Reservation Changes	473.6	467.6	-6.0	-1.27	1.42
Transport-Related*	5,725.7	6,703.4	977.7	17.08	20.35
Other**	1,167.7	1,063.7	-104.0	-8.91	3.23
<b>Total Operating Revenue</b>	<b>32,135.7</b>	<b>32,935.1</b>	<b>799.4</b>	<b>2.49</b>	<b>100.00</b>
<b>Operating Expense</b>					
Fuel	4,577.8	4,080.2	-497.6	-10.87	14.84
Labor	8,453.5	9,171.9	718.4	8.50	33.36
Rentals	1,647.9	1,717.2	69.3	4.21	6.25
Depreciation & Amortization	1,355.5	1,517.4	161.9	11.94	5.52
Landing Fees	571.6	588.8	17.2	3.01	2.14
Maintenance Materials	447.9	464.4	16.5	3.68	1.69
Transport-Related*	3,771.8	4,438.6	666.8	17.68	16.14
Other***	5,079.8	5,514.4	434.6	8.56	20.06
<b>Total Operating Expense</b>	<b>25,905.8</b>	<b>27,492.9</b>	<b>1,587.1</b>	<b>6.13</b>	<b>100.00</b>
<b>Profits or Losses</b>					
<b>Operating Profit</b>	<b>6,229.8</b>	<b>5,442.2</b>	<b>-787.6</b>	<b>-12.64</b>	<b>N/A</b>
<b>Operating Margin**** (%)</b>	<b>19.4</b>	<b>16.5</b>	<b>-2.9</b>	<b>N/A</b>	<b>N/A</b>
Nonoperating Income/(Expense)#	-910.2	-989.4	-79.2	8.70	N/A
<b>Pre-Tax Income</b>	<b>5,319.7</b>	<b>4,452.8</b>	<b>-866.9</b>	<b>-16.30</b>	<b>N/A</b>
Income Tax Benefit/(Expense)	347.4	-1,854.2	-2,201.6	-633.74	N/A
Other Income/(Expense)	0.0	0.0	0.0	0.0	N/A
<b>Net Income</b>	<b>5,667.1</b>	<b>2,598.6</b>	<b>-3,068.5</b>	<b>-54.15</b>	<b>N/A</b>
<b>Net Margin## (%)</b>	<b>17.6</b>	<b>7.9</b>	<b>-9.7</b>	<b>N/A</b>	<b>N/A</b>

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

\* Transport-Related is revenue/expenses from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues and expenses from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc).

\*\* Other revenue includes miscellaneous operating revenue (including pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees) and public service revenues subsidy.

\*\*\* Other expense includes purchase of materials such as passenger food and other materials; and purchase of services such as advertising, communication, insurance, outside flight equipment maintenance, traffic commissions and other services.

\*\*\*\* Operating margin is the operating profit or loss as a percentage of operating revenue

# Nonoperating Income and Expense includes interest on long-term debt and capital leases, other interest expense, foreign exchange gains and losses, capital gains and losses and other income and expenses.

## Net margin is the net income or loss as a percentage of operating revenue.



**Table 6. International Quarterly U.S. Scheduled Passenger Airlines Revenue, Expenses and Profits**

Reports from 17 airlines in 3Q 2016  
(millions of dollars)

	3Q 2015	3Q 2016	Change	2015- 2016 % Change	% of 3Q 2016 Revenue or Expense Total
<b>Operating Revenue</b>					
Passenger Fares (scheduled/charter)	10,364.0	9,727.4	-636.6	-6.14	84.80
Cargo	454.4	429.1	-25.3	-5.57	3.74
Baggage	225.6	233.2	7.6	3.37	2.03
Reservation Changes	281.6	263.2	-18.4	-6.53	2.29
Transport-Related*	1,444.4	544.7	-899.7	-62.29	4.75
Other**	294.9	272.8	-22.1	-7.49	2.38
<b>Total Operating Revenue</b>	<b>13,064.9</b>	<b>11,470.4</b>	<b>-1,594.5</b>	<b>-12.20</b>	<b>100.00</b>
<b>Operating Expense</b>					
Fuel	2,493.4	2,015.9	-477.5	-19.15	20.86
Labor	3,413.8	3,576.1	162.3	4.75	37.00
Rentals	519.2	510.3	-8.9	-1.71	5.28
Depreciation & Amortization	544.8	599.2	54.4	9.99	6.20
Landing Fees	185.4	189.8	4.4	2.37	1.96
Maintenance Materials	187.6	143.5	-44.1	-23.51	1.48
Transport-Related*	834.6	176.1	-658.5	-78.90	1.82
Other***	2,287.4	2,453.7	166.3	7.27	25.39
<b>Total Operating Expense</b>	<b>10,466.2</b>	<b>9,664.5</b>	<b>-801.7</b>	<b>-7.66</b>	<b>100.00</b>
<b>Profits or Losses</b>					
<b>Operating Profit</b>	<b>2,598.7</b>	<b>1,805.9</b>	<b>-792.8</b>	<b>-30.51</b>	<b>N/A</b>
<b>Operating Margin**** (%)</b>	<b>19.9</b>	<b>15.7</b>	<b>-4.1</b>	<b>N/A</b>	<b>N/A</b>
Nonoperating Income/(Expense)#	-260.8	-84.9	175.9	-67.45	N/A
<b>Pre-Tax Income</b>	<b>2,337.9</b>	<b>1,721.0</b>	<b>-616.9</b>	<b>-26.39</b>	<b>N/A</b>
Income Tax Benefit/(Expense)	1,270.5	-495.0	-1,765.5	-138.96	N/A
Other Income/(Expense)	0.0	0.0	0.0	0.0	N/A
<b>Net Income</b>	<b>3,608.4</b>	<b>1,226.0</b>	<b>-2,382.4</b>	<b>-66.02</b>	<b>N/A</b>
<b>Net Margin## (%)</b>	<b>27.6</b>	<b>10.7</b>	<b>-16.9</b>	<b>N/A</b>	<b>N/A</b>

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

\* Transport-Related is revenue/expenses from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues and expenses from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc).

\*\* Other revenue includes miscellaneous operating revenue (including pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees) and public service revenues subsidy.

\*\*\* Other expense includes purchase of materials such as passenger food and other materials; and purchase of services such as advertising, communication, insurance, outside flight equipment maintenance, traffic commissions and other services.

\*\*\*\* Operating margin is the operating profit or loss as a percentage of operating revenue

# Nonoperating Income and Expense includes interest on long-term debt and capital leases, other interest expense, foreign exchange gains and losses, capital gains and losses and other income and expenses.

## Net margin is the net income or loss as a percentage of operating revenue.